



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

Municipal Hall
1229 Esquimalt Road
Esquimalt, B.C. V9A 3P1

Legislation Details (With Text)

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Title:	Revitalization Tax Exemption - 501, 503 & 505 Park Place and 1216 Carlisle Avenue, Staff Report FIN-21-015				
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Attachments:	1. Bylaw 2852 - Revitalization Tax Exemption_Consolidation, 2. Park Place Carlisle Sch B RTE Agreement, 3. Appendix A - ETS - Project Design, 4. Appendix B - ETS Library Space				

Date	Ver.	Action By	Action	Result
10/4/2021	1	Council	approved	Fail

REQUEST FOR DECISION

DATE: September 28, 2021 **Report No.** FIN-21-015

TO: Laurie Hurst, Chief Administrative Officer

FROM: Ian Irvine, Director of Financial Services

SUBJECT:

Revitalization Tax Exemption - 501, 503 & 505 Park Place and 1216 Carlisle Avenue

RECOMMENDATION:

That Council approve the application for a revitalization tax exemption for properties located at 501, 503 and 505 Park Place and 1216 Carlisle Avenue and authorize the Director of Financial Services and the Corporate Officer to execute the agreement attached to Staff Report FIN-21-015.

RELEVANT POLICY:

Revitalization Tax Exemption Bylaw, 2015, No.2852
Community Charter S.226

STRATEGIC RELEVANCE:

Support revitalization and beautification initiatives along Esquimalt Road.

BACKGROUND:

Based on the Economic Development Strategy and further work by the Economic Development Select Committee, Revitalization Tax Exemption Bylaw, 2015, No. 2852 was adopted. This Bylaw was identified as one of the strategies to drive the revitalization of Esquimalt Road through

beautification, development and incentive programs. One of the objectives identified at that time was to encourage the construction of new buildings located in the defined revitalization area.

Under the Bylaw, for projects to be considered for an exemption by Council, they must (i) be the subject of a building permit for new construction or an alteration of existing building, (ii) have a permit value of at least \$10,000, and (iii) be located within the defined revitalization area on a parcel that is zoned for commercial use or zoned to permit residential use with four or more dwellings at the completion of the project. As well, the application must be accompanied by details of the project, certification that the value of the work exceeds \$10,000, and confirmation that there are no outstanding taxes, charges or fees associated with the property.

The project identified within this application involves the construction of four separate buildings. Located at 505 Park Place, building #1 consists of 2 ground floor commercial spaces and 34 rental units, building #2, located at 503 Park Place is a five story office building with the Township's new public library located on a portion of the ground floor. Buildings #3 and #4 are residential strata buildings consisting of 32 and 36 units each.

In accordance with the Bylaw, approved applications would be eligible for an annual exemption from municipal taxation for up to a 10 year period, the maximum allowable under the *Community Charter*. Each year during this period, the incremental assessed value of the improvements would be determined, and a percentage of the municipal property tax would be exempted. This percentage would vary between 50% and 100% each year based on the schedule included in the Bylaw.

Earlier this year, at a Committee of the Whole meeting, there was discussion regarding whether these types of projects were consistent with the intent of the revitalization bylaw or the economic development strategies. While there was no immediate commitment to rescind or revise the existing revitalization bylaw, there was interest in the concept of a business façade improvement program.

ISSUES:

1. Rationale for Selected Option

This revitalization tax exemption application pertains to the construction of four new buildings. A review was performed and it was determined that the submitted documentation and project details satisfy the conditions required within the bylaw.

2. Organizational Implications

If this application is approved by Council, the Revitalization Tax Exemption Bylaw will be amended to include the relevant details pertaining to these properties. As well, the Revitalization Tax Exemption Agreement will need to be executed by the applicant and Township and submitted to BC Assessment prior to October 31 in order for any exemption to take effect starting in the 2022 taxation year.

3. Financial Implications

There are no immediate financial implications of this decision; however, if approved, municipal exemptions would commence during the 2022 taxation year. The actual annual exemption amount will not be determined until BC Assessment provides the improvement value of the various folios

each year. If approved, the property will be eligible to receive full or partial exemptions from municipal taxation for a period of up to 10 years.

For the two properties owned entirely by the applicant, based on 2021 assessed values, the incremental improvement values eligible for an exemption would be:

- 505 Park Place: \$5,936,000 Class 1 and \$1,532,000 Class 6
- 503 Park Place: \$9,195,000 Class 6 (which excludes the space occupied by the new public library)

For the two buildings strata properties that have been sold or are available for purchase, the incremental improvement values eligible for an exemption would be:

- 501 Park Place - individual units (32) ranging from \$84,000-\$160,000 with total Class 1 assessments of almost \$3,800,000
- 1216 Carlisle Avenue - individual units (36) ranging from \$82,100-\$180,000 with total Class 1 assessments of nearly \$4,300,000

While any exemptions approved for 503 and 505 Park Place would directly benefit the applicant, any approved exemptions pertaining to properties at 501 Park Place and 1216 Carlisle Avenue would be applied against the assessed value of each individual strata unit based on its proportion of the total incremental improvement value. For those stratified properties, the benefit of any exemption would be for the strata owner. However, in instances where the strata unit has not yet been sold, the applicant would be eligible to receive the benefit. Currently, there are 22 properties which remain owned by the applicant.

While any exemption would be applied starting with the 2022 taxation year, based on the 2021 assessment values, the estimated total exemption in the first year for each of the properties would be:

505 Park Place	\$34,260
503 Park Place	\$83,303
501 Park Place	\$13,059
1216 Carlisle Avenue	<u>\$14,783</u>
Total	\$145,405

Using the same values and rates for estimation purposes, the property owners would receive a total exemption benefit of approximately \$1,200,000 during the 10 year term.

The exemptions would not represent actual payments but would instead reduce the total municipal tax payable by these property owners to the Township each year. Amounts collected by the Township on behalf of the other taxable agencies (e.g. School Tax, CRD) would still be fully payable to the Township during each year the exemption has been granted.

To ensure there is no revenue reduction within the financial plan as a result of these exemptions, an annual amount equivalent to the exemption would be transferred from the Infrastructure and Revitalization Reserve Fund. While this would not require additional direct taxation, it could require an increase in the contributions to the Reserve Fund or the number of capital projects funded from this reserve would be reduced.

4. Sustainability & Environmental Implications

There are no sustainability or environmental implications of this decision.

5. Communication & Engagement

Upon approval of the application a copy of the executed Tax Exemption Agreement and Tax Certificate, signed by the applicant and the Township, will be provided to BC Assessment prior to the October 31 deadline.

As well, regardless of Council's decision, the property owner will be notified whether their application has been approved. If approved, staff will notify the applicant of the process regarding exemptions as well as the necessary payment of amounts for remittance to the other taxing authorities.

ALTERNATIVES:

1. That Council approve the application for a revitalization tax exemption for properties located at 501, 503 and 505 Park Place and 1216 Carlisle Avenue and authorize the Director of Financial Services and the Corporate Officer to execute the agreement attached to Staff Report FIN-21-015.
2. That Council not approve the application for a revitalization tax exemption for the properties located at 501, 503 and 505 Park Place and 1216 Carlisle Avenue.